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BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/25/03

CONTENTS

	PAGE
Independent Auditor's Report	1
General Purpose Financial Statements:	
Exhibit "A" Combined Balance Sheet - All Fund Types and Account Groups	2
Exhibit "B" Combined Statement of Revenues, Expenditures and Change in Fund Balance - General Fund	3
Notes to General Purpose Financial Statements	4 - 7
Supplemental Information Schedules:	
Summary Schedule of Prior Audit Findings	8
Corrective Action Plan for Current Year Audit Findings	9
Other Reports Required by <u>Government Auditing Standards</u>	
Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	10-11

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bayou Gauche Volunteer Fire Department, Inc.
Des Allemands, Louisiana 70030

We have audited the accompanying general purpose financial statements of the Bayou Gauche Volunteer Fire Department, Inc. as of and for the year ended December 31, 2002, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Bayou Gauche Volunteer Fire Department's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bayou Gauche Volunteer Fire Department, Inc. at December 31, 2002, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2003, on our consideration of the Bayou Gauche Volunteer Fire Department, Inc.'s internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.


May 31, 2003

Exhibit "A"

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

ASSETS

	<u>Governmental Fund Type</u>	<u>Account Group</u>	
	<u>General Fund</u>	<u>General Fixed Assets</u>	<u>Totals (Memorandum Only)</u>
Assets:			
Cash	\$ 189,053	\$ 0	\$ 189,053
Revenue Receivable (Note 3)	4,119	0	4,119
Fire Protection vehicles	0	731,489	731,489
Equipment	0	251,591	251,591
Office Furniture & Equip.	0	24,377	24,377
Buildings	0	399,161	399,161
Land	0	24,000	24,000
TOTAL ASSETS	<u>\$ 193,172</u>	<u>\$ 1,430,618</u>	<u>\$ 1,623,790</u>

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities:

Accounts payable	\$ 8,036	\$ 0	\$ 8,036
TOTAL LIABILITIES:	<u>\$ 8,036</u>	<u>\$ 0</u>	<u>\$ 8,036</u>

Equity And Other Credits:

Investment in Fixed Assets	\$ 0	\$ 1,430,618	\$ 1,430,618
Fund balance - unreserved, undesignated	185,136	0	185,136
TOTAL FUND EQUITY	<u>\$ 185,136</u>	<u>\$ 1,430,618</u>	<u>\$ 1,623,790</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 193,172</u>	<u>\$ 1,430,618</u>	<u>\$ 1,623,790</u>

SEE ACCOMPANYING NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

**BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

REVENUES:

Sales tax - 1/8 cent	\$ 62,124
Operations and capital improvements millage	109,194
Fire insurance rebate and other revenues	<u>46,776</u>
TOTAL REVENUES	<u>\$ 218,094</u>

EXPENDITURES:

Equipment:	
Maintenance	\$ 9,035
Fuel	2,018
Insurance	6,390
Expendable equipment	12,391
Buildings:	
Maintenance	8,194
Insurance	7,833
Personnel:	
Insurance	3,478
Training	3,234
Miscellaneous:	
Accounting and auditing	2,900
Fire prevention and supplies	2,363
Meetings and other expenses	9,427
Office Supplies	1,230
Utilities and telephone	6,725
Capital outlay:	
Fire protection vehicles	315,120
Equipment	10,622
Buildings	<u>144,070</u>

TOTAL EXPENDITURES	<u>\$ 545,030</u>
EXCESS REVENUES OVER (EXPENDITURES)	(326,936)
BEGINNING FUND BALANCE, JANUARY 1	<u>512,072</u>
ENDING FUND BALANCE, DECEMBER 31	<u>\$ 185,136</u>

SEE ACCOMPANYING NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Bayou Gauche Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

Fund Accounting

The accounts of the Fire Department are organized on the basis of a fund (General Fund) and account groups. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Fire Department records are maintained on a cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures.

Revenues

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

A ten year ad valorem tax issue was dedicated to the operations of the Fire Department beginning in 1991. The tax issue was renewed in 2001 for an additional ten years. Each department is to receive one ninth of annual collections. Taxes levied in November of each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

All other revenues are recorded when received.

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is not recognized until due.

Cash and Cash Equivalents

The Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Department may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. At December 31, 2002, deposited funds were covered by federal deposit insurance and pledged securities.

As of December 31, 2002, cash consisted of:

Interest bearing demand deposits	\$ 21,942
Certificates of deposits	<u>167,111</u>
	<u>\$ 189,053</u>

Budgets and Budgetary Accounting

The Fire Department was not required to prepare a budget for the year ended December 31, 2002.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on fixed assets.

Fixed assets are valued at historical cost or estimated historical cost if historical cost is not available. The Department has established a capitalization policy of \$400 for equipment having a useful life over one year.

Donated fixed assets are recorded at estimated fair market value at the date of donation.

Long-term liabilities expected to be financed from the General Fund are accounted for in the general long-term liabilities account group.

Account group are self-balancing sets of accounts used to account for and report on certain general fixed assets and certain general long-term debt associated with or arising from the flow of financial resources measurement focus of governmental fund operating statements.

Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

2) SALES TAX REVENUE

Effective March 1, 1980, sales taxes in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc. Effective September 1, 1994, the sales tax is distributed on the following basis:

	<u>Monthly Basis</u>	<u>Percent of Remaining Funds</u>
Bayou Gauche Volunteer Fire Dept., Inc.	\$2,500	3.21 %
Des Allemands Volunteer Fire Dept., Inc.	\$2,500	4.83 %
East Side of St. Charles Volunteer Fire Dept., Inc.	\$2,500	23.57 %
Hahnville Volunteer Fire Dept., Inc.	\$2,500	5.92 %
Killona Volunteer Fire Dept., Inc.	\$2,500	1.56 %
Luling Volunteer Fire Dept., Inc.	\$2,500	29.00 %
Norco Area Volunteer Fire Dept., Inc.	\$2,500	10.51 %
Paradis Volunteer Fire Dept., Inc.	\$2,500	4.20 %
St. Rose Volunteer Fire Dept., Inc.	\$2,500	17.20 %

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

(3) REVENUE RECEIVABLE

Revenue receivable at December 31, 2002 consists of the Fire Department's share of the 1/8th cent sales tax for the month of November 2002, collected on or before December 20, 2002, by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2003.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2002.

(4) CHANGES IN GENERAL FIXED ASSETS

	<u>Balance</u> <u>12/31/01</u>	<u>Purchases</u> <u>2002</u>	<u>Retirements</u> <u>2002</u>	<u>Balance</u> <u>12/31/02</u>
Fire protection vehicles	\$ 511,524	\$ 315,119	\$ 95,154	\$ 731,489
Equipment	240,969	10,622	0	251,591
Office Equipment	24,377	0	0	24,377
Buildings	255,091	144,070	0	399,161
Land	<u>24,000</u>	<u>0</u>	<u>0</u>	<u>24,000</u>
	<u>\$1,055,961</u>	<u>\$ 469,811</u>	<u>\$ 95,154</u>	<u>\$1,430,618</u>

(5) CASH

The Fire Department maintains a separate petty cash account. The petty cash account is funded through public functions held by the Fire Department. Expenditures from this petty cash account are for expenses related to the functions. The amount in the petty cash account was not included in the financial statements and was therefore not subjected to the audit procedures of the financial statements.

SUPPLEMENTAL INFORMATION SCHEDULES

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
SUPPLEMENTAL INFORMATION SCHEDULES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

REFERENCE NO. 1-01

FISCAL YEAR ENDING INITIALLY OCCURRED

Has existed from inception.

FINDINGS DESCRIBED

The size of the department's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

CORRECTIVE ACTION AND ADDITIONAL EXPLANATION

Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
SUPPLEMENTAL INFORMATION SCHEDULES
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

REFERENCE NO. 1-02

FISCAL YEAR ENDING INITIALLY OCCURRED

Has existed from inception.

FINDINGS DESCRIBED

The size of the department's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

CORRECTIVE ACTION AND ADDITIONAL EXPLANATION

Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

CONTACT PERSON

Mr. George Forrest, Pres.
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Des Allemands, LA 70030

ANTICIPATED COMPLETION DATE: Not applicable.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
Report on Compliance and on Internal Control

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Bayou Gauche Volunteer Fire Department, Inc.
Des Allemands, LA 70030

We have audited the general purpose financial statements of the Bayou Gauche Volunteer Fire Department, Inc., as of and for the year ended December 31, 2002, and have issued our report thereon dated May 31, 2003. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether the Bayou Gauche Volunteer Fire Department, Inc. general purpose financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement accounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal control over Financial Reporting

In planning and performing our audit, we considered the Bayou Gauche Volunteer Fire Department, Inc. internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the department's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. We noted that the size of the department's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control structure, however, the department feels that to employ such controls would not be cost beneficial.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be a material weakness.

This report is intended solely for the use of management and the State of Louisiana Legislative Auditor and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Louisiana Legislative Auditor, is a matter of public record.

A handwritten signature in dark ink, appearing to be "R. L. Davis", is written over the date. The signature is fluid and cursive, with a large initial "R" and a long horizontal stroke extending to the right.

May 31, 2003